

June 29, 2004

MEMORANDUM

To: INDOT Contractors

From: J. Bryan Nicol
Commissioner

Subject: INDOT's Further Consideration of a Partial, Retroactive, Compensation Plan
for Steel Price Increases

INDOT learned at the AASHTO Spring Meeting that only three (3) States were implementing retroactive compensation plans for steel price increases at the time of the meeting. INDOT needs to obtain additional information relative to the amount and number of claims associated with steel price increases, so that an informed decision can be made pertaining to INDOT's participation in such a plan.

INDOT has identified the following parameters for a potential partial compensation plan:

- 1) No compensation for contracts let after March 1, 2004;
- 2) No compensation for contracts having steel deliveries prior to July 1, 2003;
- 3) Only contract items with a total value of \$20,000 or more will be considered;
- 4) No Compensation if the contract price increase is less than \$1000;
- 5) Contract price increases will be based on the Contractor's documentation or an indexed adjustment amount, whichever is less; and
- 6) Partial compensation may vary based on available State funds, the number of Contractor claims, and the total dollar amount of Contractor claims.

This philosophy is based on the fact that the Contractor and its Supplier should be responsible and accountable for most of the risk. In addition, if the steel prices drop in the future, INDOT does not anticipate the Contractors to issue refunds to the State for the price decreases between the time of bidding and the actual delivery of the products.

INDOT is allowing the Contractors to stockpile named steel items, in order to avoid/mitigate potential price increases.

The deadline for Claim Submissions shall be August 1, 2004. A "Claim Submission Form" has been prepared and is attached herewith for your use.

Once all of the claims have been received and reviewed by INDOT, we will make the final determination relative to INDOT's implementation of such a partial compensation plan. As you may know, the FHWA has already stated that they can not participate in any retroactive compensation plans for steel price increases or any other price increases on a retroactive basis.

Send the completed form and attachments to:

Mr. Dennis Kuchler
Chief, Contracts and Construction Division
100 North Senate Avenue
Indiana Government Center North, Room N 855
Indianapolis, IN 46204

INDOT takes its responsibility of being fair and just to all contractors very seriously and will handle this matter in that vane.

JBN/RKS/blm

cc: Tim Jeffers
R. K. Smutzer
Anne O'Connor
Dennis Kuchler
ICI – Charlie Kahl
APAI – Lloyd Bandy
ACPA- Indiana Chapter- Mike Byers
File

Claim Submission Form
Steel Price Increases

Deadline for Submission: August 1, 2004

Contract No. _____

Letting Date: _____

Steel Supplier: _____

Date of Steel Quote: _____

Amount of Steel Quote: \$ _____
(Attachment #1 – Written Quote)

Contract Line Item: _____

Contract Quantity Amount: _____

Date Steel Delivered: _____

Invoiced Cost of Steel: \$ _____
(Attachment #2 – Invoice for Delivery)

Quantity of Steel Delivered: _____

Total Amount of Steel Price Increase: \$ _____

Name of Contractor: _____

I attest that all of the aforementioned information is true and accurate.

Principle Signature of Contractor: _____

Date of Signature: _____

Attachments (2)

1) Written Quote

2) Invoice(s) for Delivery(ies)